

COMPLIANCE AUDIT

Fireman's Relief Fund Association of West Manchester Township, York County, Pennsylvania

For the Period
January 1, 2018 to December 31, 2021

August 2022



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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**TIMOTHY L. DEFOOR
AUDITOR GENERAL**

Mr. Wayne Harper, President
Fireman's Relief Fund Association
of West Manchester Township,
York County, Pennsylvania

We have conducted a compliance audit of the Fireman's Relief Fund Association of West Manchester Township, York County, Pennsylvania (relief association) for the period January 1, 2018 to December 31, 2021. The audit was conducted pursuant to authority derived from Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania; Section 403 of The Fiscal Code, 72 P.S. § 403; and the Volunteer Firefighters' Relief Association Act ("VFRA Act"), see 35 Pa.C.S. § 7418.

The objective of the audit was to determine if the relief association complied with applicable state laws, contracts, bylaws, and administrative procedures as they relate to the receipt of state aid and the expenditure of relief association funds. Our audit was limited to the areas related to the objective identified above and was not, nor was it required to be, conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States.

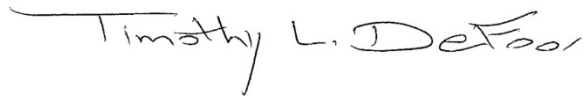
Relief association officers are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the relief association's administration of state aid and accumulated relief funds complies with applicable state laws, contracts, bylaws, and administrative procedures, including the safeguarding of assets. Relief association officers are responsible for complying with applicable state laws, contracts, bylaws, and administrative procedures. It is our responsibility to perform procedures to obtain sufficient, appropriate evidence to the extent necessary to satisfy the audit objective. We believe that our audit provides a reasonable basis for our conclusions.

We were not able to obtain independent confirmations of the cash balance and the investment balance directly from the financial institutions. Therefore, while the relief association provided copies of bank and investment statements that indicated that, as of December 31, 2021, the relief association had a cash balance of \$129,136 and an investment balance with a fair value of \$591,890, we were not able to verify those cash and investment balances.

Based on our audit procedures, we conclude that, except for the effects, if any, of the matter described in the preceding paragraph, for the period January 1, 2018 to December 31, 2021, the relief association, in all significant respects, complied with applicable state laws, contracts, bylaws, and administrative procedures as they relate to the receipt of state aid and the expenditure of relief association funds, except as noted in the finding listed below and discussed later in this report.

Finding – Unauthorized Expenditures

The contents of this report were discussed with the management of the relief association and, where appropriate, their response has been included in the report. We would like to thank the relief association officials for the cooperation extended to us during the conduct of the audit.

A handwritten signature in black ink that reads "Timothy L. DeFoor". The signature is written in a cursive style with a long horizontal line extending to the left of the first letter.

Timothy L. DeFoor
Auditor General
August 8, 2022

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BACKGROUND

Pursuant to Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania, Section 403 of The Fiscal Code¹, and the Volunteer Firefighters’ Relief Association Act² (“VFRA Act”), the Department of the Auditor General’s duty is to audit the accounts and records of every volunteer firefighters’ relief association to determine that funds received under the Foreign Fire Insurance Tax Distribution Law³ (commonly referred to as Act 205) are properly expended.

The relief association is a charitable organization that was formed primarily to afford financial protection to volunteer firefighters and to encourage individuals to participate in volunteer fire service.

The VFRA Act governs the overall operation of volunteer firefighters’ relief associations. Relief association bylaws define the specific operational procedures by which relief associations conduct business. To fulfill its primary purpose, the VFRA Act authorizes specific types of expenditures and prescribes appropriate volunteer firefighters’ relief association investment options. Within the parameters established by the VFRA Act, it is the responsibility of relief associations to choose investments in a proper and prudent manner.

Volunteer firefighters’ relief associations receive public tax monies, and the association officers therefore have a responsibility to the public to conduct the association’s financial affairs in a businesslike manner and to maintain sufficient financial records to support the propriety of all association transactions. Volunteer firefighters’ relief association officers are also responsible for ensuring that the association operates in accordance with applicable state laws, contracts, bylaws and administrative procedures.

Act 205 sets forth the computation of the Foreign Fire Insurance Tax Distribution paid to each applicable municipality throughout the Commonwealth of Pennsylvania. The amount of the distribution is based upon the population of each municipality and the market value of real estate within the municipality. Upon receipt of this distribution, the municipality must allocate the funds to the volunteer firefighters’ relief association of the fire service organization or fire service organizations that is or are recognized as providing the service to the municipality.

The relief association was allocated state aid from the following municipality:

Municipality	County	2018	2019	2020	2021
West Manchester Township	York	\$108,095	\$115,724	\$116,416	\$106,660

¹ 72 P.S. § 403 (as last amended by Act 44 of 2017).

² 35 Pa.C.S. § 7411 *et seq.* See specifically, 35 Pa.C.S. § 7418 (amended by Act 91 of 2020).

³ 53 P.S. § 895.701 *et seq.* (Act 205 of 1984, as amended by Act 119 of 1990).

BACKGROUND – (Continued)

Based on the relief association's records, its total cash and investments as of December 31, 2021 were \$721,026, as illustrated below:

Cash	\$ 129,136
Fair Value of Investments	<u>591,890</u>
Total Cash and Investments	<u>\$ 721,026</u>

Based on the relief association's records, its total expenditures for the period January 1, 2018 to December 31, 2021 were \$780,991, as noted below. The accuracy of these expenditures was evaluated as part of the Department's audit to conclude on the relief association's compliance with applicable state laws, contracts, bylaws, and administrative procedures as they relate to the receipt of state aid and the expenditure of relief association funds.⁴ **The scope of the Department's audit does not include the issuance of an opinion on the accuracy of these amounts.**

Expenditures:

Benefit Services:	
Insurance premiums	<u>\$ 161,078</u>
Fire Services:	
Equipment purchased	\$ 423,764
Equipment maintenance	146,050
Training expenses	<u>36,783</u>
Total Fire Services	<u>\$ 606,597</u>
Administrative Services:	
Bond premiums	\$ 1,284
Other administrative expenses	<u>6,482</u>
Total Administrative Services	<u>\$ 7,766</u>
Other Expenditures:	
Unauthorized expenditures	<u>\$ 5,550</u>
Total Expenditures	<u>\$ 780,991</u>

⁴ Accuracy was evaluated for a selection of transactions based on dollar amount, category, and/or random selection.

BACKGROUND – (Continued)

The volunteer firefighters' relief association and the affiliated fire service organizations are separate, legal entities. The relief association is affiliated with the following fire service organizations.⁵

Lincolnway Fire Company

Shiloh Fire Company

⁵ According to court documents, Lincolnway and Shilo Fire Companies merged on June 21, 2021 and are known as the West Manchester Township Volunteer Fire Department.

FIREMAN’S RELIEF FUND ASSOCIATION OF WEST MANCHESTER TOWNSHIP.
 YORK COUNTY, PENNSYLVANIA
 FINDING AND RECOMMENDATION

Finding – Unauthorized Expenditures

Condition: The relief association expended funds for the following items during the current audit period that are not authorized by the VFRA Act:

Date	Check No.	Description	Amount
07/07/2019	1531	Vehicle maintenance on fire company vehicle	\$ 1,558
08/24/2019	1542	Vehicle maintenance on township vehicle	3,535
05/27/2020	1602	Vehicle maintenance on township vehicle	457
Total			<u>\$ 5,550</u>

Criteria: Section 7416(f) of the VFRA Act states:

The funds of any volunteer firefighters’ relief association may be spent:

- (1) To pay for such normal and reasonable running expenses as may be appropriate to the businesslike conduct of the affairs of the association, including legal fees, rental or purchase of offices, payment of reasonable compensation of employees and purchase of office equipment and supplies.
- (11) To purchase safeguards for preserving life, health and safety of volunteer firefighters to ensure their availability to participate in the volunteer fire service, including necessary training.

Costs associated with the maintenance and repair of a fire company or municipal owned vehicle do not qualify as authorized volunteer firefighters’ relief association expenditures; consequently, these disbursements are not authorized under the VFRA Act.

Cause: The relief association officials indicated that there was a lack of oversight as to the reason for the payment of the expenditures.

Effect: As a result of these improper expenditures, relief association funds were not available for investment purposes, or to pay for expenditures authorized by the VFRA Act.

FIREMAN'S RELIEF FUND ASSOCIATION OF WEST MANCHESTER TOWNSHIP.
YORK COUNTY, PENNSYLVANIA
FINDING AND RECOMMENDATION

Finding – (Continued)

Recommendation: We recommend that the relief association be reimbursed \$5,550 for the unauthorized expenditures and that relief association officials become familiar with Section 7416(f) of the VFRA Act to aid them in determining the propriety of future expenditures. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

Management's Response: Relief association management agreed with the finding as presented at the audit exit conference and, as a result of our audit, the municipality reimbursed the relief association \$5,550 for the unauthorized expenditures on August 3, 2022.

Auditor's Conclusion: We reviewed a deposit slip verifying that the reimbursement of \$5,550 was received; however, the relief association officials must still provide the August 2022 bank statement for verification of the deposit. Full compliance will be subject to verification once the bank statement is received and compliance for expenditures made during the next audit period will be subject to verification through our next audit.

FIREMAN'S RELIEF FUND ASSOCIATION OF WEST MANCHESTER TOWNSHIP.
YORK COUNTY, PENNSYLVANIA
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Tom W. Wolf
Governor
Commonwealth of Pennsylvania

Mr. Charles J. McGarvey, Sr.
State Fire Commissioner

FIREMAN'S RELIEF FUND ASSOCIATION OF WEST MANCHESTER TOWNSHIP.
YORK COUNTY, PENNSYLVANIA
REPORT DISTRIBUTION LIST

Fireman's Relief Fund Association of West Manchester Township, York County, Pennsylvania
Governing Body:

Mr. Wayne Harper
President

Mr. George Boyer, Jr.
Vice President

Mr. Bryan Metzger
Secretary

Ms. Michele Rife
Treasurer

Mr. Robert Sells
Assistant Secretary

Mr. Gene Williams
Assistant Treasurer

Mr. David Markel
Director

Mr. Matt Miller, Jr.
Director

Mr. Tony Pandoli
Director

Mr. Roy Gentzler
Director

FIREMAN'S RELIEF FUND ASSOCIATION OF WEST MANCHESTER TOWNSHIP.
YORK COUNTY, PENNSYLVANIA
REPORT DISTRIBUTION LIST

A report was also distributed to the following municipality, which allocated foreign fire insurance tax monies to this relief association:

Ms. Kelly Kelch
Secretary
West Manchester Township

This report is a matter of public record and is available online at www.PaAuditor.gov. Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 229 Finance Building, Harrisburg, PA 17120; via email to: news@PaAuditor.gov.